

HOUSE SUBSTITUTE
FOR
HOUSE BILL NO. 1496

AN ACT

2 To repeal sections 99.805, 99.810, and
3 99.845, RSMo, and to enact in lieu thereof
4 nine new sections relating to tax increment
5 financing, with an effective date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
7 AS FOLLOWS:

8 Section A. Sections 99.805, 99.810, and 99.845, RSMo, are
9 repealed and nine new sections enacted in lieu thereof, to be
10 known as sections 99.805, 99.810, 99.845, 99.866, 99.867, 99.870,
11 99.871, 99.872, and 99.873, to read as follows:

12 99.805. As used in sections 99.800 to [99.865] 99.873,
13 unless the context clearly requires otherwise, the following
14 terms shall mean:

15 (1) "Blighted area", an area which, by reason of the
16 predominance of defective or inadequate street layout, unsanitary
17 or unsafe conditions, deterioration of site improvements,
18 improper subdivision or obsolete platting, or the existence of
19 conditions which endanger life or property by fire and other
20 causes, or any combination of such factors, retards the provision
21 of housing accommodations or constitutes an economic or social
22 liability or a menace to the public health, safety, morals, or

1 welfare in its present condition and use;

2 (2) "Collecting officer", the officer of the municipality
3 responsible for receiving and processing payments in lieu of
4 taxes or economic activity taxes from taxpayers or the department
5 of revenue;

6 (3) "Conservation area", any improved area within the
7 boundaries of a redevelopment area located within the territorial
8 limits of a municipality in which fifty percent or more of the
9 structures in the area have an age of thirty-five years or
10 more. Such an area is not yet a blighted area but is detrimental
11 to the public health, safety, morals, or welfare and may become a
12 blighted area because of any one or more of the following
13 factors: dilapidation; obsolescence; deterioration; illegal use
14 of individual structures; presence of structures below minimum
15 code standards; abandonment; excessive vacancies; overcrowding of
16 structures and community facilities; lack of ventilation, light
17 or sanitary facilities; inadequate utilities; excessive land
18 coverage; deleterious land use or layout; depreciation of
19 physical maintenance; and lack of community planning. A
20 conservation area shall meet at least three of the factors
21 provided in this subdivision for projects approved on or after
22 December 23, 1997;

23 (4) "Economic activity taxes", the total additional revenue
24 from taxes which are imposed by a municipality and other taxing

1 districts, and which are generated by economic activities within
2 a redevelopment area over the amount of such taxes generated by
3 economic activities within such redevelopment area in the
4 calendar year prior to the adoption of the ordinance designating
5 such a redevelopment area, while tax increment financing remains
6 in effect, but excluding personal property taxes, taxes imposed
7 on sales or charges for sleeping rooms paid by transient guests
8 of hotels and motels, licenses, fees or special assessments. For
9 redevelopment projects or redevelopment plans approved after
10 December 23, 1997, if a retail establishment relocates within one
11 year from one facility to another facility within the same county
12 and the governing body of the municipality finds that the
13 relocation is a direct beneficiary of tax increment financing,
14 then for purposes of this definition, the economic activity taxes
15 generated by the retail establishment shall equal the total
16 additional revenues from economic activity taxes which are
17 imposed by a municipality or other taxing district over the
18 amount of economic activity taxes generated by the retail
19 establishment in the calendar year prior to its relocation to the
20 redevelopment area;

21 (5) "Economic development area", any area or portion of an
22 area located within the territorial limits of a municipality,
23 which does not meet the requirements of subdivisions (1) and (3)
24 of this section, and in which the governing body of the

1 municipality finds that redevelopment will not be solely used for
2 development of commercial businesses which unfairly compete in
3 the local economy and is in the public interest because it will:

4 (a) Discourage commerce, industry or manufacturing from
5 moving their operations to another state; or

6 (b) Result in increased employment in the municipality; or

7 (c) Result in preservation or enhancement of the tax base
8 of the municipality;

9 (6) "Eligible employee", a person employed on a full-time
10 basis in a new job at the redevelopment project averaging at
11 least thirty-five hours per week who was not employed by the same
12 industry or a related taxpayer in the area at any time during the
13 twelve-month period immediately prior to being employed at the
14 redemption project;

15 (7) "Gambling establishment", an excursion gambling boat as
16 defined in section 313.800, RSMo, and any related business
17 facility including any real property improvements which are
18 directly and solely related to such business facility, whose sole
19 purpose is to provide goods or services to an excursion gambling
20 boat and whose majority ownership interest is held by a person
21 licensed to conduct gambling games on an excursion gambling boat
22 or licensed to operate an excursion gambling boat as provided in
23 sections 313.800 to 313.850, RSMo. This subdivision shall be
24 applicable only to a redevelopment area designated by ordinance

1 adopted after December 23, 1997;

2 (8) "High unemployment", unemployment in the proposed
3 redevelopment area of at least one and one-half times that of the
4 metropolitan statistical area in which the area is located or,
5 one and one-half times the unemployment rate of nonmetropolitan
6 counties if the area is not located in a metropolitan statistical
7 area;

8 (9) "Low fiscal capacity", per capita assessed valuation of
9 property in the municipality of less than sixty percent of the
10 entire county in which it is located, or, in unincorporated
11 areas, when the per capita assessed valuation of property in the
12 school district is less than sixty percent of the entire county
13 in which it is located;

14 (10) "Moderate income", either a Missouri municipality
15 within a metropolitan statistical area which has a population of
16 at least one thousand five hundred and median household income of
17 under eighty percent of the median household income for the
18 metropolitan statistical area, according to the last decennial
19 census, or a United States census block group or contiguous group
20 of block groups within a metropolitan statistical area which has
21 a population of at least one thousand five hundred, and each
22 block group having a median household income of under eighty
23 percent of the median household income for the metropolitan area
24 in Missouri, according to the last decennial census. In

1 addition, the definition shall include municipalities not within
2 a metropolitan statistical area, with a median household income
3 of under eighty percent of the median household income for the
4 nonmetropolitan areas in Missouri according to the last decennial
5 census or a census block group or contiguous group of block
6 groups which has a population of at least one thousand five
7 hundred, and each block group having a median household income of
8 under eighty percent of the median household income for the
9 nonmetropolitan areas of Missouri, according to the last
10 decennial census;

11 [(7)] (11) "Municipality", a city, village, or incorporated
12 town or any county of this state. For redevelopment areas or
13 projects approved on or after December 23, 1997, "municipality"
14 applies only to cities, villages, incorporated towns or counties
15 established for at least one year prior to such date;

16 (12) "New job", a job in a new or expanding redevelopment
17 project not including jobs of recalled workers, replacement jobs
18 or jobs that formerly existed in the same industry in the area;

19 [(8)] (13) "Obligations", bonds, loans, debentures, notes,
20 special certificates, or other evidences of indebtedness issued
21 by a municipality to carry out a redevelopment project or to
22 refund outstanding obligations;

23 [(9)] (14) "Ordinance", an ordinance enacted by the
24 governing body of a city, town, or village or a county or an

1 order of the governing body of a county whose governing body is
2 not authorized to enact ordinances;

3 [(10)] (15) "Payment in lieu of taxes", those estimated
4 revenues from real property in the area selected for a
5 redevelopment project, which revenues according to the
6 redevelopment project or plan are to be used for a private use,
7 which taxing districts would have received had a municipality not
8 adopted tax increment allocation financing, and which would
9 result from levies made after the time of the adoption of tax
10 increment allocation financing during the time the current
11 equalized value of real property in the area selected for the
12 redevelopment project exceeds the total initial equalized value
13 of real property in such area until the designation is terminated
14 pursuant to subsection 2 of section 99.850;

15 (16) "Public subsidy", any combination of public grants or
16 loans, tax abatements, tax credits, industrial revenue bonds, tax
17 increment financing, or other instruments having similar economic
18 effect which are made available to the developer for the direct
19 benefit of the redevelopment project from actual or potential tax
20 revenues from any taxing district. Subsidies do not include fees
21 for service generated from the redevelopment project, such as
22 parking receipts or incidental rental income generated from a
23 public works or public improvement project, or the revenue bonds
24 supported in whole or in part by such fees for services or

1 incidental rental income;

2 [(11)] (17) "Redevelopment area", an area designated by a
3 municipality, in respect to which the municipality has made a
4 finding that there exist conditions which cause the area to be
5 classified as a blighted area, a conservation area, an economic
6 development area, an enterprise zone pursuant to sections 135.200
7 to 135.256, RSMo, or a combination thereof, which area includes
8 only those parcels of real property directly and substantially
9 benefitted by the proposed redevelopment project;

10 [(12)] (18) "Redevelopment plan", the comprehensive program
11 of a municipality for redevelopment intended by the payment of
12 redevelopment costs to reduce or eliminate those conditions, the
13 existence of which qualified the redevelopment area as a blighted
14 area, conservation area, economic development area, or
15 combination thereof, and to thereby enhance the tax bases of the
16 taxing districts which extend into the redevelopment area. Each
17 redevelopment plan shall conform to the requirements of section
18 99.810;

19 [(13)] (19) "Redevelopment project", any development
20 project within a redevelopment area in furtherance of the
21 objectives of the redevelopment plan; any such redevelopment
22 project shall include a legal description of the area selected
23 for the redevelopment project;

24 [(14)] (20) "Redevelopment project costs" include the sum

1 total of all reasonable or necessary costs incurred or estimated
2 to be incurred, and any such costs incidental to a redevelopment
3 plan or redevelopment project, as applicable. Such costs
4 include, but are not limited to, the following:

5 (a) Costs of studies, surveys, plans, and specifications;

6 (b) Professional service costs, including, but not limited
7 to, architectural, engineering, legal, marketing, financial,
8 planning or special services. Except the reasonable costs
9 incurred by the commission established in section 99.820 for the
10 administration of sections 99.800 to 99.865, such costs shall be
11 allowed only as an initial expense which, to be recoverable,
12 shall be included in the costs of a redevelopment plan or
13 project;

14 (c) Property assembly costs, including, but not limited to,
15 acquisition of land and other property, real or personal, or
16 rights or interests therein, demolition of buildings, and the
17 clearing and grading of land;

18 (d) Costs of rehabilitation, reconstruction, or repair or
19 remodeling of existing buildings and fixtures;

20 (e) Initial costs for an economic development area;

21 (f) Costs of construction of public works or improvements;

22 (g) Financing costs, including, but not limited to, all
23 necessary and incidental expenses related to the issuance of
24 obligations, and which may include payment of interest on any

1 obligations issued pursuant to sections 99.800 to 99.865 accruing
2 during the estimated period of construction of any redevelopment
3 project for which such obligations are issued and for not more
4 than eighteen months thereafter, and including reasonable
5 reserves related thereto;

6 (h) All or a portion of a taxing district's capital costs
7 resulting from the redevelopment project necessarily incurred or
8 to be incurred in furtherance of the objectives of the
9 redevelopment plan and project, to the extent the municipality by
10 written agreement accepts and approves such costs;

11 (i) Relocation costs to the extent that a municipality
12 determines that relocation costs shall be paid or are required to
13 be paid by federal or state law;

14 (j) Payments in lieu of taxes;

15 (21) "Redevelopment project of regional significance", a
16 business located within the contiguous area comprised of the
17 cities and counties defined in subsection 1 of section 99.866
18 which is engaged in interstate or intrastate commerce for the
19 purpose of manufacturing, processing, or assembling products,
20 conducting research and development, or providing services in
21 interstate commerce, office industries, or agricultural
22 processing, but excluding retail, health, or professional
23 services. Redevelopment project of regional significance does
24 not include a business which closes or substantially reduces its

1 operation at one location in the area and relocates substantially
2 the same operation to another location in the area. This does
3 not prohibit a business from expanding its operations at another
4 location in the area provided that existing operations of a
5 similar nature located within the area are not closed or
6 substantially reduced. This also does not prohibit a business
7 from moving its operations from one location in the area to
8 another location in the area for the purpose of expanding such
9 operation provided that the regional tax increment financing
10 review authority, defined in subsection 1 of section 99.871,
11 determines that such expansion cannot reasonably be accommodated
12 within the municipality in which such business is located, or in
13 the case of a business located in an incorporated area of the
14 county, within the county in which such business is located,
15 after conferring with the chief elected official of such
16 municipality or county and taking into consideration any evidence
17 offered by such municipality or county regarding the ability to
18 accommodate such expansion within such municipality or county.
19 The developer or business must:

20 _____ (a) Invest a minimum of fifteen million dollars, or ten
21 million dollars for an office industry, in the redevelopment
22 project; and

23 _____ (b) Create a minimum of one hundred new jobs for eligible
24 employees at the redevelopment project or a minimum of five

1 hundred jobs if the redevelopment project is an office industry
2 or a minimum of two hundred new jobs if the redevelopment project
3 is an office industry located within a distressed community as
4 defined in section 135.530, RSMo;

5 [(15)] (22) "Special allocation fund", the fund of a
6 municipality or its commission which contains at least two
7 separate segregated accounts for each redevelopment plan,
8 maintained by the treasurer of the municipality or the treasurer
9 of the commission into which payments in lieu of taxes are
10 deposited in one account, and economic activity taxes and other
11 revenues are deposited in the other account;

12 [(16)] (23) "Taxing districts", any political subdivision
13 of this state having the power to levy taxes;

14 [(17)] (24) "Taxing districts' capital costs", those costs
15 of taxing districts for capital improvements that are found by
16 the municipal governing bodies to be necessary and to directly
17 result from the redevelopment project; [and]

18 (25) "Unfair competition", using a public subsidy as an
19 incentive to attract a new business to a market area where a
20 similar business already exists, with the effect of a negative
21 economic impact to the existing business, or to recruit or
22 attract a business to a new location within the same market area;
23 and

24 [(18)] (26) "Vacant land", any parcel or combination of

1 parcels of real property not used for industrial, commercial, or
2 residential buildings.

3 99.810. 1. Each redevelopment plan shall set forth in
4 writing a general description of the program to be undertaken to
5 accomplish the objectives and shall include, but need not be
6 limited to, the estimated redevelopment project costs, the
7 anticipated sources of funds to pay the costs, evidence of the
8 commitments to finance the project costs, the anticipated type
9 and term of the sources of funds to pay costs, the anticipated
10 type and terms of the obligations to be issued, the most recent
11 equalized assessed valuation of the property within the
12 redevelopment area which is to be subjected to payments in lieu
13 of taxes and economic activity taxes pursuant to section 99.845,
14 an estimate as to the equalized assessed valuation after
15 redevelopment, and the general land uses to apply in the
16 redevelopment area. No redevelopment plan that requires the
17 relocation of any homeowners from the proposed redevelopment area
18 shall be adopted by a municipality until the plan has been
19 submitted to the qualified voters of the municipality and a
20 majority of the qualified voters voting on the question approve
21 the redevelopment plan. No redevelopment plan shall be adopted
22 by a municipality without findings that:

23 (1) The redevelopment area on the whole is a blighted area,
24 a conservation area, or an economic development area, and has not

1 been subject to growth and development through investment by
2 private enterprise and would not reasonably be anticipated to be
3 developed without the adoption of tax increment financing. Such
4 a finding shall include, but not be limited to, a detailed
5 description of the factors that qualify the redevelopment area or
6 project pursuant to this subdivision [and], an affidavit, signed
7 by the developer or developers and submitted with the
8 redemption plan, attesting that the provisions of this
9 subdivision have been met, and a study stating that records were
10 reviewed, inspections were made, comparisons were made, or tasks
11 undertaken demonstrating that the property has not been developed
12 through private enterprise over a period of time. Such a study
13 should be signed by a responsible party or some party should
14 otherwise be designated as being responsible for the study's
15 representations. The study shall be of sufficient specificity to
16 allow representatives of the tax increment financing commission
17 or the municipality, or both, to conduct investigations deemed
18 necessary in order to confirm its findings;

19 (2) The redevelopment plan conforms to the comprehensive
20 plan for the development of the municipality as a whole;

21 (3) The estimated dates, which shall not be more than
22 twenty-three years from the adoption of the ordinance approving a
23 redevelopment project within a redevelopment area, of completion
24 of any redevelopment project and retirement of obligations

1 incurred to finance redevelopment project costs have been stated,
2 provided that no ordinance approving a redevelopment project
3 shall be adopted later than ten years from the adoption of the
4 ordinance approving the redevelopment plan under which such
5 project is authorized and provided that no property for a
6 redevelopment project shall be acquired by eminent domain later
7 than five years from the adoption of the ordinance approving such
8 redevelopment project;

9 (4) A plan has been developed for relocation assistance for
10 businesses and residences;

11 (5) A cost-benefit analysis showing the economic impact of
12 the plan on each taxing district which is at least partially
13 within the boundaries of the redevelopment area. The analysis
14 shall show the impact on the economy if the project is not built,
15 and is built pursuant to the redevelopment plan under
16 consideration. The cost-benefit analysis shall include a fiscal
17 impact study on every affected political subdivision, and
18 sufficient information from the developer for the commission
19 established in section 99.820 to evaluate whether the project as
20 proposed is financially feasible;

21 (6) A finding that the plan does not include the initial
22 development or redevelopment of any gambling establishment,
23 provided however, that this subdivision shall be applicable only
24 to a redevelopment plan adopted for a redevelopment area

1 designated by ordinance after December 23, 1997;

2 (7) An economic feasibility analysis including a pro forma
3 financial statement indicating a return on investment that may be
4 expected without public assistance. The financial statement
5 shall detail any assumptions made, a pro forma statement analysis
6 demonstrating the amount of assistance required to bring the
7 return into a range deemed attractive to private investors, which
8 amount shall be equal to the estimated reimbursable project
9 costs.

10 2. By the last day of February each year, each commission
11 shall report to the director of economic development the name,
12 address, phone number and primary line of business of any
13 business which relocates to the district. The director of the
14 department of economic development shall compile and report the
15 same to the governor, the speaker of the house and the president
16 pro tempore of the senate on the last day of April each year.

17 99.845. 1. A municipality, either at the time a
18 redevelopment project is approved or, in the event a municipality
19 has undertaken acts establishing a redevelopment plan and
20 redevelopment project and has designated a redevelopment area
21 after the passage and approval of sections 99.800 to 99.865 but
22 prior to August 13, 1982, which acts are in conformance with the
23 procedures of sections 99.800 to 99.865, may adopt tax increment
24 allocation financing by passing an ordinance providing that after

1 the total equalized assessed valuation of the taxable real
2 property in a redevelopment project exceeds the certified total
3 initial equalized assessed valuation of the taxable real property
4 in the redevelopment project, the ad valorem taxes, and payments
5 in lieu of taxes, if any, arising from the levies upon taxable
6 real property in such redevelopment project by taxing districts
7 and tax rates determined in the manner provided in subsection 2
8 of section 99.855 each year after the effective date of the
9 ordinance until redevelopment costs have been paid shall be
10 divided as follows:

11 (1) That portion of taxes, penalties and interest levied
12 upon each taxable lot, block, tract, or parcel of real property
13 which is attributable to the initial equalized assessed value of
14 each such taxable lot, block, tract, or parcel of real property
15 in the area selected for the redevelopment project shall be
16 allocated to and, when collected, shall be paid by the county
17 collector to the respective affected taxing districts in the
18 manner required by law in the absence of the adoption of tax
19 increment allocation financing;

20 (2) Payments in lieu of taxes attributable to the increase
21 in the current equalized assessed valuation of each taxable lot,
22 block, tract, or parcel of real property in the area selected for
23 the redevelopment project and any applicable penalty and interest
24 over and above the initial equalized assessed value of each such

1 unit of property in the area selected for the redevelopment
2 project shall be allocated to and, when collected, shall be paid
3 to the municipal treasurer who shall deposit such payment in lieu
4 of taxes into a special fund called the "Special Allocation Fund"
5 of the municipality for the purpose of paying redevelopment costs
6 and obligations incurred in the payment thereof. Payments in
7 lieu of taxes which are due and owing shall constitute a lien
8 against the real estate of the redevelopment project from which
9 they are derived and shall be collected in the same manner as the
10 real property tax, including the assessment of penalties and
11 interest where applicable. The municipality may, in the
12 ordinance, pledge the funds in the special allocation fund for
13 the payment of such costs and obligations and provide for the
14 collection of payments in lieu of taxes, the lien of which may be
15 foreclosed in the same manner as a special assessment lien as
16 provided in section 88.861, RSMo. No part of the current
17 equalized assessed valuation of each lot, block, tract, or parcel
18 of property in the area selected for the redevelopment project
19 attributable to any increase above the total initial equalized
20 assessed value of such properties shall be used in calculating
21 the general state school aid formula provided for in section
22 163.031, RSMo, until such time as all redevelopment costs have
23 been paid as provided for in this section and section 99.850;

24 (3) For purposes of this section, "levies upon taxable real

1 property in such redevelopment project by taxing districts" shall
2 not include the blind pension fund tax levied under the authority
3 of article III, section 38(b) of the Missouri Constitution, or
4 the merchants' and manufacturers' inventory replacement tax
5 levied under the authority of subsection 2 of section 6 of
6 article X, of the Missouri Constitution, except in redevelopment
7 project areas in which tax increment financing has been adopted
8 by ordinance pursuant to a plan approved by vote of the governing
9 body of the municipality taken after August 13, 1982, and before
10 January 1, 1998.

11 2. In addition to the payments in lieu of taxes described
12 in subdivision (2) of subsection 1 of this section, for
13 redevelopment plans and projects adopted or redevelopment
14 projects approved by ordinance after July 12, 1990, and prior to
15 August 31, 1991, fifty percent of the total additional revenue
16 from taxes, penalties and interest imposed by the municipality,
17 or other taxing districts, which are generated by economic
18 activities within the area of the redevelopment project over the
19 amount of such taxes generated by economic activities within the
20 area of the redevelopment project in the calendar year prior to
21 the adoption of the redevelopment project by ordinance, while tax
22 increment financing remains in effect, but excluding taxes
23 imposed on sales or charges for sleeping rooms paid by transient
24 guests of hotels and motels, taxes levied pursuant to section

1 70.500, RSMo, licenses, fees or special assessments other than
2 payments in lieu of taxes and any penalty and interest thereon,
3 or, effective January 1, 1998, taxes levied pursuant to section
4 94.660, RSMo, for the purpose of public transportation, shall be
5 allocated to, and paid by the local political subdivision
6 collecting officer to the treasurer or other designated financial
7 officer of the municipality, who shall deposit such funds in a
8 separate segregated account within the special allocation fund.
9 Any provision of an agreement, contract or covenant entered into
10 prior to July 12, 1990, between a municipality and any other
11 political subdivision which provides for an appropriation of
12 other municipal revenues to the special allocation fund shall be
13 and remain enforceable.

14 3. In addition to the payments in lieu of taxes described
15 in subdivision (2) of subsection 1 of this section, for
16 redevelopment plans and projects adopted or redevelopment
17 projects approved by ordinance after August 31, 1991, fifty
18 percent of the total additional revenue from taxes, penalties and
19 interest which are imposed by the municipality or other taxing
20 districts, and which are generated by economic activities within
21 the area of the redevelopment project over the amount of such
22 taxes generated by economic activities within the area of the
23 redevelopment project in the calendar year prior to the adoption
24 of the redevelopment project by ordinance, while tax increment

1 financing remains in effect, but excluding personal property
2 taxes, taxes imposed on sales or charges for sleeping rooms paid
3 by transient guests of hotels and motels, taxes levied pursuant
4 to section 70.500, RSMo, or effective January 1, 1998, taxes
5 levied for the purpose of public transportation pursuant to
6 section 94.660, RSMo, licenses, fees or special assessments other
7 than payments in lieu of taxes and penalties and interest
8 thereon, shall be allocated to, and paid by the local political
9 subdivision collecting officer to the treasurer or other
10 designated financial officer of the municipality, who shall
11 deposit such funds in a separate segregated account within the
12 special allocation fund.

13 4. Beginning January 1, 1998, for redevelopment plans and
14 projects adopted or redevelopment projects approved by ordinance
15 and which have complied with subsections 4 to 12 of this section,
16 in addition to the payments in lieu of taxes and economic
17 activity taxes described in subsections 1, 2 and 3 of this
18 section, up to fifty percent of the new state revenues, as
19 defined in subsection 8 of this section, estimated for the
20 businesses within the project area and identified by the
21 municipality in the application required by subsection 10 of this
22 section, over and above the amount of such taxes reported by
23 businesses within the project area as identified by the
24 municipality in their application prior to the approval of the

1 redevelopment project by ordinance, while tax increment financing
2 remains in effect, may be available for appropriation by the
3 general assembly as provided in subsection 10 of this section to
4 the department of economic development supplemental tax increment
5 financing fund, from the general revenue fund, for distribution
6 to the treasurer or other designated financial officer of the
7 municipality with approved plans or projects.

8 5. The treasurer or other designated financial officer of
9 the municipality with approved plans or projects shall deposit
10 such funds in a separate segregated account within the special
11 allocation fund established pursuant to section 99.805.

12 6. No transfer from the general revenue fund to the
13 Missouri supplemental tax increment financing fund shall be made
14 unless an appropriation is made from the general revenue fund for
15 that purpose. No municipality shall commit any state revenues
16 prior to an appropriation being made for that project. For all
17 redevelopment plans or projects adopted or approved after
18 December 23, 1997, appropriations from the new state revenues
19 shall not be distributed from the Missouri supplemental tax
20 increment financing fund into the special allocation fund unless
21 the municipality's redevelopment plan ensures that one hundred
22 percent of payments in lieu of taxes and fifty percent of
23 economic activity taxes generated by the project shall be used
24 for eligible redevelopment project costs while tax increment

1 financing remains in effect. This account shall be separate from
2 the account into which payments in lieu of taxes are deposited,
3 and separate from the account into which economic activity taxes
4 are deposited.

5 7. In order for the redevelopment plan or project to be
6 eligible to receive the revenue described in subsection 4 of this
7 section, the municipality shall comply with the requirements of
8 subsection 10 of this section prior to the time the project or
9 plan is adopted or approved by ordinance. The director of the
10 department of economic development and the commissioner of the
11 office of administration may waive the requirement that the
12 municipality's application be submitted prior to the
13 redemption plan's or project's adoption or the redemption
14 plan's or project's approval by ordinance.

15 8. For purposes of this section, "new state revenues"
16 means:

17 (1) The incremental increase in the general revenue portion
18 of state sales tax revenues received pursuant to section 144.020,
19 RSMo, excluding sales taxes that are constitutionally dedicated,
20 taxes deposited to the school district trust fund in accordance
21 with section 144.701, RSMo, sales and use taxes on motor
22 vehicles, trailers, boats and outboard motors and future sales
23 taxes earmarked by law. The incremental increase in the general
24 revenue portion of state sales tax revenues for an existing or

1 relocated facility shall be the amount that current state sales
2 tax revenue exceeds the state sales tax revenue in the base year
3 as stated in the redevelopment plan as provided in subsection 10
4 of this section; or

5 (2) The state income tax withheld on behalf of new
6 employees by the employer pursuant to section 143.221, RSMo, at
7 the business located within the project as identified by the
8 municipality. The state income tax withholding allowed by this
9 section shall be the municipality's estimate of the amount of
10 state income tax withheld by the employer within the
11 redevelopment area for new employees who fill new jobs directly
12 created by the tax increment financing project.

13 9. Subsection 4 of this section shall apply only to
14 blighted areas located in distressed communities pursuant to
15 section 135.530, RSMo, blighted areas located in enterprise
16 zones, pursuant to sections 135.200 to 135.256, RSMo, blighted
17 areas located in federal empowerment zones, or to blighted areas
18 located in central business districts or urban core areas of
19 cities which districts or urban core areas at the time of
20 approval of the project by ordinance, provided that the
21 enterprise zones, federal empowerment zones or blighted areas
22 contained one or more buildings at least fifty years old; and

23 (1) Suffered from generally declining population or
24 property taxes over the twenty-year period immediately preceding

1 the area's designation as a project area by ordinance; or

2 (2) Was a historic hotel located in a county of the first
3 classification without a charter form of government with a
4 population according to the most recent federal decennial census
5 in excess of one hundred fifty thousand and containing a portion
6 of a city with a population according to the most recent federal
7 decennial census in excess of three hundred fifty thousand.

8 10. The initial appropriation of up to fifty percent of the
9 new state revenues authorized pursuant to subsections 4 and 5 of
10 this section shall not be made to or distributed by the
11 department of economic development to a municipality until all of
12 the following conditions have been satisfied:

13 (1) The director of the department of economic development
14 or his or her designee and the commissioner of the office of
15 administration or his or her designee have approved a tax
16 increment financing application made by the municipality for the
17 appropriation of the new state revenues. The municipality shall
18 include in the application the following items in addition to the
19 items in section 99.810:

20 (a) The tax increment financing district or redevelopment
21 area, including the businesses identified within the
22 redevelopment area;

23 (b) The base year of state sales tax revenues or the base
24 year of state income tax withheld on behalf of existing

1 employees, reported by existing businesses within the project
2 area prior to approval of the redevelopment project;

3 (c) The estimate of the incremental increase in the general
4 revenue portion of state sales tax revenue or the estimate for
5 the state income tax withheld by the employer on behalf of new
6 employees expected to fill new jobs created within the
7 redevelopment area after redevelopment;

8 (d) The official statement of any bond issue pursuant to
9 this subsection after December 23, 1997;

10 (e) An affidavit that is signed by the developer or
11 developers attesting that the provisions of subdivision (1) of
12 section 99.810 have been met and specifying that the
13 redevelopment area would not be reasonably anticipated to be
14 developed without the appropriation of the new state revenues;

15 (f) The cost-benefit analysis required by section 99.810
16 includes a study of the fiscal impact on the state of Missouri;
17 and

18 (g) The statement of election between the use of the
19 incremental increase of the general revenue portion of the state
20 sales tax revenues or the state income tax withheld by employers
21 on behalf of new employees who fill new jobs created in the
22 redevelopment area;

23 (2) The methodologies used in the application for
24 determining the base year and determining the estimate of the

1 incremental increase in the general revenue portion of the state
2 sales tax revenues or the state income tax withheld by employers
3 on behalf of new employees who fill new jobs created in the
4 redevelopment area shall be approved by the director of the
5 department of economic development or his or her designee and the
6 commissioner of the office of administration or his or her
7 designee. Upon approval of the application, the director of the
8 department of economic development or his or her designee and the
9 commissioner of the office of administration or his or her
10 designee shall issue a certificate of approval. The department
11 of economic development may request the appropriation following
12 application approval;

13 (3) The appropriation shall be either a portion of the
14 estimate of the incremental increase in the general revenue
15 portion of state sales tax revenues in the redevelopment area or
16 a portion of the estimate of the state income tax withheld by the
17 employer on behalf of new employees who fill new jobs created in
18 the redevelopment area as indicated in the municipality's
19 application, approved by the director of the department of
20 economic development or his or her designee and the commissioner
21 of the office of administration or his or her designee. At no
22 time shall the aggregate annual appropriation of the new state
23 revenues for redevelopment areas exceed fifteen million dollars;

24 (4) Redevelopment plans and projects receiving new state

1 revenues shall have a duration of up to fifteen years, unless
2 prior approval for a longer term is given by the director of the
3 department of economic development or his or her designee and the
4 commissioner of the office of administration or his or her
5 designee; except that, in no case shall the duration exceed
6 twenty-three years.

7 11. In addition to the areas authorized in subsection 9 of
8 this section, the funding authorized pursuant to subsection 4 of
9 this section shall also be available in a federally approved
10 levee district, where construction of a levee begins after
11 December 23, 1997, and which is contained within a county of the
12 first classification without a charter form of government with a
13 population between fifty thousand and one hundred thousand
14 inhabitants which contains all or part of a city with a
15 population in excess of four hundred thousand or more
16 inhabitants.

17 12. There is hereby established within the state treasury a
18 special fund to be known as the "Missouri Supplemental Tax
19 Increment Financing Fund", to be administered by the department
20 of economic development. The department shall annually
21 distribute from the Missouri supplemental tax increment financing
22 fund the amount of the new state revenues as appropriated as
23 provided in the provisions of subsections 4 and 5 of this section
24 if and only if the conditions of subsection 10 of this section

1 are met. The fund shall also consist of any gifts,
2 contributions, grants or bequests received from federal, private
3 or other sources. Moneys in the Missouri supplemental tax
4 increment financing fund shall be disbursed per project pursuant
5 to state appropriations.

6 13. All personnel and other costs incurred by the
7 department of economic development for the administration and
8 operation of subsections 4 to 12 of this section shall be paid
9 from the state general revenue fund. On an annual basis, the
10 general revenue fund shall be reimbursed for the full amount of
11 such costs by the developer or developers of the project or
12 projects for which municipalities have made tax increment
13 financing applications for the appropriation of new state
14 revenues, as provided for in subdivision (1) of subsection 10 of
15 this section. The amount of costs charged to each developer
16 shall be based upon the percentage arrived at by dividing the
17 monetary amount of the application made by each municipality for
18 a particular project by the total monetary amount of all
19 applications received by the department of economic development.

20 99.866. 1. Except as provided in subsection 2 of this
21 section, sections 99.866 to 99.872 shall apply to any city not
22 within a county, any county with a charter form of government and
23 with more than one million inhabitants, any county of the first
24 classification without a charter form of government and with more

1 than one hundred ninety-eight thousand but less than one hundred
2 ninety-nine thousand two hundred inhabitants, any county of the
3 third classification without a township form of government and
4 with more than twenty-four thousand five hundred but less than
5 twenty-four thousand six hundred inhabitants, any county with a
6 charter form of government and with more than two hundred fifty
7 thousand but less than three hundred fifty thousand inhabitants,
8 any county of the first classification without a charter form of
9 government and with more than ninety-three thousand eight hundred
10 but less than ninety-three thousand nine hundred inhabitants, any
11 county of the third classification without a township form of
12 government and with more than twenty-two thousand eight hundred
13 but less than twenty-two thousand nine hundred inhabitants, any
14 county of the third classification without a township form of
15 government and with more than thirty-eight thousand nine hundred
16 but less than thirty-nine thousand inhabitants, any county of the
17 fourth classification with more than fifty-five thousand six
18 hundred but less than fifty-five thousand seven hundred
19 inhabitants, any county of the third classification without a
20 township form of government and with more than seventeen thousand
21 eight hundred but less than seventeen thousand nine hundred
22 inhabitants, and any county of the third classification without a
23 township form of government and with more than twenty-three
24 thousand two hundred fifty but less than twenty-three thousand

1 three hundred fifty inhabitants.

2 2. Any redevelopment project consisting solely of public
3 infrastructure improvements on public land requiring two million
4 dollars or less in tax increment financing, wherein the bonds for
5 such project will be paid off in seven years or less, shall be
6 exempt from the provisions of sections 99.866 to 99.872.

7 3. Any redevelopment project for which eligible project
8 redevelopment costs are to be paid from that portion of the total
9 economic activity taxes and payments in lieu of taxes imposed by
10 the municipality only, and real or potential revenues from no
11 other taxing jurisdictions are involved, are exempt from the
12 provisions of sections 99.866 to 99.872.

13 99.867. 1. The municipality and any proposed redevelopment
14 area shall meet the requirements of section 99.810 and this
15 section. An area can qualify if:

16 (1) The host municipality or, for unincorporated areas, the
17 host school district has low fiscal capacity; or

18 (2) The census block group or groups, as defined in the
19 most recent decennial census, containing the proposed
20 redevelopment area have high unemployment; or

21 (3) The municipality, census block group or groups, as
22 defined in the most recent decennial census, containing the
23 proposed redevelopment area are characterized by poverty.

24 2. Tax increment financing shall not be used for more than

1 thirty percent of the total estimated redevelopment costs of a
2 project that is primarily retail unless the redevelopment is in a
3 municipality, census block group or group of block groups with a
4 median household income less than seventy percent of that of the
5 metropolitan area, a distressed community as defined in section
6 135.530, RSMo, a federal enterprise zone or a federal empowerment
7 zone. Tax increment financing shall not be used to develop sites
8 in which twenty-five percent or more of the area is vacant and
9 has not previously been developed or qualifies as "open space"
10 pursuant to section 67.900, RSMo, or is presently being used for
11 agricultural or horticultural purposes, except where the
12 qualifying project is a project of regional significance, as
13 defined in section 99.805.

14 3. If the majority of the proposed redevelopment project is
15 located in an area meeting the requirements of low fiscal
16 capacity, high unemployment, and poverty set forth in this
17 section, and if such conditions are documented in an area which
18 is contiguous to but outside of the qualifying area, and is
19 smaller than a census block group, the contiguous area shall be
20 added to the qualifying area.

21 99.870. Commencing with the first fiscal year in which any
22 municipality receives any payments in lieu of taxes from a
23 redevelopment project and continuing through the last fiscal year
24 in which the municipality receives such payments, the

1 municipality shall pay to any other taxing entities entitled to
2 receive revenue from levies on real property in such
3 municipality, an amount equal to twenty-five percent of the
4 payments in lieu of taxes received by the municipality. This
5 amount shall be divided among the other affected taxing entities
6 on a basis that is proportional to the collections of revenue
7 from real property in the development area to which each such
8 taxing district is entitled during that tax year. When a tax
9 increment financing project includes residential uses, absent a
10 recommendation to the contrary from commission members
11 representing the affected school board or boards, real property
12 tax levies attributable to the residential portion of the
13 development shall pass through to the school district or
14 districts.

15 99.871. 1. In addition to the provisions of section 99.867
16 and 99.868, any municipality or group of adjacent municipalities
17 may use tax increment financing for a redevelopment project of
18 regional significance, as defined in section 99.805, only if such
19 municipality or group of adjacent municipalities agrees to
20 participate in and abide by any decision rendered by the
21 appropriate regional tax increment finance review authority.
22 Such authority may qualify projects which are located in a
23 blighted area, conservation area, or economic development area,
24 as defined in section 99.805.

1 2. Each county or city not within a county specified in
2 section 99.866 shall establish a regional tax increment finance
3 review authority in accordance with the following specifications:

4 (1) In any city not within a county, the regional tax
5 increment finance review authority shall be composed of six
6 members appointed by and from the board of aldermen, three
7 members appointed by the school board, and three members
8 appointed by the board of equalization and adjustment of such
9 city. The term of office for each member of the authority shall
10 be at the discretion of the appointing authority. The members
11 appointed from the board of aldermen shall accurately represent
12 the balance of political parties on the board of aldermen;

13 (2) In any county with a charter form of government and
14 with more than one million inhabitants, the regional tax
15 increment finance review authority shall be composed of three
16 members appointed by the county executive, three members
17 appointed by the county council to represent group A cities as
18 defined in section 66.620, RSMo, three members appointed by the
19 county council to represent group B cities as defined in section
20 66.620, RSMo, and six members appointed by the county executive
21 with the approval of the county council, of which at least three
22 shall represent school districts and the remainder shall
23 represent other political subdivisions levying ad valorem taxes
24 in the county. The term of office for each member of the

1 authority shall be at the discretion of the appointing
2 jurisdictions. The members appointed from the county council
3 shall accurately reflect the balance of political parties on the
4 county council in the county;

5 _____ (3) In any county with a charter form of government and
6 with more than two hundred fifty thousand but less than three
7 hundred fifty thousand, a regional tax increment finance review
8 authority shall be composed of three members appointed by the
9 county executive, three members appointed by the county council
10 to represent the cities in the county, and six members appointed
11 by the county executive with the approval of the county council,
12 of which at least three shall represent school districts and the
13 remainder of which shall represent other political subdivisions
14 levying ad valorem taxes in the county. The term of office for
15 each member of the authority shall be at the discretion of the
16 appointing jurisdictions; and

17 _____ (4) In any county of the first classification without a
18 charter form of government and with more than one hundred
19 ninety-eight thousand but less than one hundred ninety-nine
20 thousand two hundred inhabitants, any county of the third
21 classification without a township form of government and with
22 more than twenty-four thousand five hundred but less than
23 twenty-four thousand six hundred inhabitants, any county of the
24 first classification without a charter form of government and

1 with more than ninety-three thousand eight hundred but less than
2 ninety-three thousand nine hundred inhabitants, any county of the
3 third classification without a township form of government and
4 with more than twenty-two thousand eight hundred but less than
5 twenty-two thousand nine hundred inhabitants, any county of the
6 third classification without a township form of government and
7 with more than thirty-eight thousand nine hundred but less than
8 thirty-nine thousand inhabitants, any county of the fourth
9 classification with more than fifty-five thousand six hundred but
10 less than fifty-five thousand seven hundred inhabitants, any
11 county of the third classification without a township form of
12 government and with more than seventeen thousand eight hundred
13 but less than seventeen thousand nine hundred inhabitants, and
14 any county of the third classification without a township form of
15 government and with more than twenty-three thousand two hundred
16 fifty but less than twenty-three thousand three hundred fifty
17 inhabitants, a regional tax increment finance review authority
18 shall be composed of three county commissioners, three members
19 appointed by the county commission to represent the cities within
20 the county, and six members appointed by the county
21 commissioners, of which at least three shall represent school
22 districts and the remainder of which shall represent other
23 political subdivisions levying ad valorem taxes in the county.
24 The term of office for each member of the authority shall be at

1 the discretion of the appointing jurisdiction.

2 3. Prior to adoption of any redevelopment plan for a
3 project of regional significance which will be funded in any part
4 using tax increment financing, any municipality in any city or
5 county described in section 99.866 shall submit the redevelopment
6 plan to the regional tax increment finance authority in the city
7 not within a county or county containing the redevelopment
8 project.

9 4. The regional tax increment finance authority shall
10 review the project, which shall be designed to address one or
11 more of the three criteria of "blighted area", "conservation
12 area", or "economic development area", as those terms are defined
13 in section 99.805. Evidence of one or more of the criteria shall
14 be provided to the authority prior to approval. In addition to
15 proof of such criterion or criteria, all analyses, statements,
16 and reports described in section 99.810 shall be provided. The
17 regional tax increment finance authority shall also determine
18 that the project does not constitute unfair competition, as
19 defined in section 99.805, prior to approving any project.

20 5. If the regional tax increment finance authority
21 considers and finds in favor of project approval based on each of
22 the criteria required in subsection 4 of this section, then the
23 authority shall approve the redevelopment project, and the
24 submitting municipality may proceed with its redevelopment

1 project.

2 99.872. The municipality and the developer shall annually
3 submit information to the department regarding an approved plan
4 for as long as the plan is in effect. The department shall
5 establish reporting requirements by rule promulgated pursuant to
6 chapter 536, RSMo. The department shall submit a report to the
7 governor and the general assembly by December thirty-first of
8 each year. The report shall, at a minimum, identify the number
9 and location of redevelopment areas, quantify public investment
10 in each, and assess the public benefit derived from the
11 redevelopment area using the criteria set out in section 99.868.

12 99.873. Any district in any city not within a county, any
13 county with a charter form of government and with more than one
14 million inhabitants, any county of the first classification
15 without a charter form of government and with more than one
16 hundred ninety-eight thousand but less than one hundred
17 ninety-nine thousand two hundred inhabitants, any county of the
18 third classification without a township form of government and
19 with more than twenty-four thousand five hundred but less than
20 twenty-four thousand six hundred inhabitants, any county with a
21 charter form of government and with more than two hundred fifty
22 thousand but less than three hundred fifty thousand inhabitants,
23 any county of the first classification without a charter form of
24 government and with more than ninety-three thousand eight hundred

1 but less than ninety-three thousand nine hundred inhabitants, any
2 county of the third classification without a township form of
3 government and with more than twenty-two thousand eight hundred
4 but less than twenty-two thousand nine hundred inhabitants, any
5 county of the third classification without a township form of
6 government and with more than thirty-eight thousand nine hundred
7 but less than thirty-nine thousand inhabitants, any county of the
8 fourth classification with more than fifty-five thousand six
9 hundred but less than fifty-five thousand seven hundred
10 inhabitants, any county of the third classification without a
11 township form of government and with more than seventeen thousand
12 eight hundred but less than seventeen thousand nine hundred
13 inhabitants, and any county of the third classification without a
14 township form of government and with more than twenty-three
15 thousand two hundred fifty but less than twenty-three thousand
16 three hundred fifty inhabitants, providing emergency services
17 pursuant to chapter 190 or 321, RSMo, shall be entitled to
18 reimbursement from the special allocation fund for direct
19 costs. However, such reimbursement shall not be less than
20 twenty-five percent nor more than one hundred percent of the
21 district's tax increment.

22 Section B. Section A of this act shall become effective
23 July 1, 2003.

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